

To the Members of the California State Assembly:

I am returning Assembly Bill 2132 without my signature. This bill would allow an annuitant subject to the Public Health and Hospital Care Act, who reinstates to active status to receive the retiree health benefit provided by the initial employer. Under existing statute, when an annuitant reinstates from retirement as an active employee for a CalPERS contracting agency, the new employer is responsible for paying the employer contribution for the annuitant's health coverage when that annuitant retires for the second time.

This bill is intended to eliminate disincentives for retirees to return to work. It would encourage experienced public employees to return to public service upon deciding that they no longer wish to be retired, and remove a significant incentive to forgo public service for work in the private sector.

However, because of changes in the Governmental Accounting Standard Board rules, both state and local governments will be undertaking an actuarial assessment of their unfunded retiree health benefits. With that information in hand, we can consider the impact the changes made in this bill will have on our retirement systems. Until then, this bill is premature.

Sincerely,

Arnold Schwarzenegger